PUBLIC NOTICE

Federal Communications Commission
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DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL FROM NTELOS, INC. TO PROJECT HOLDINGS CORPORATION

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 05-74

Comments Due: March 30, 2005
Reply Comments Due: April 6, 2005

On February 17, 2005, NTELOS Inc. ("NTELOS" or "Transferor") and Project Holdings Corp. ("PHC" or "Transferee") (collectively with NTELOS, the "Applicants"), pursuant to sections 63.03 and 63.04 of the Commission's rules,[1] filed an application requesting authority to transfer control of various NTELOS subsidiaries holding domestic and/or international section 214 authorizations to PHC.[2]

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(2)(ii) of the Commission's rules because the transferee is not a telecommunications provider.[3]

NTELOS is a leading digital wireless PCS provider in the mid-Atlantic region, coupling wireless services with an integrated communications strategy that also includes both incumbent and competitive local telephone services, long distance service, Internet and high-speed data access. NTELOS also has an extensive fiber optic network primarily in Virginia and West Virginia. The following entities are wholly-owned subsidiaries of NTELOS: NTELOS Network Inc., a competitive local exchange company ("CLEC") providing local and long distance

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1 47 C.F.R. §§ 63.03, 63.04; *see* 47 U.S.C. § 214.

2 Applicants are also filing applications for transfer of control associated with authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related, pending applications. Moreover, because various NTELOS entities also hold various wireless licenses, the Applicants have also sought the Commission's approval of a transfer of control of the wireless licenses of NTELOS and its subsidiaries to PHC.

3 47 C.F.R. § 63.03(b)(2)(ii).

services in Virginia; NTELOS Netaccess Inc. which owns NA Communications Inc., a CLEC providing local and long distance services in Virginia and in parts of Tennessee; NTELOS Communications Inc. which owns NTELOS of West Virginia, a CLEC providing local, long distance, internet access and other services in West Virginia; NTELOS Communications, Inc. which owns NTELOS Telephone Inc., an incumbent local exchange company ("ILEC") providing local and long distance services in parts of Virginia; and R&B Communications, Inc., a CLEC providing local and long distance services in Virginia, which owns Roanoke and Botetourt Telephone Company, an ILEC providing local and long distance services in parts of Virginia.

PHC is a Delaware corporation organized on January 14, 2005 for the purpose of acquiring NTELOS's stock. PHC is fifty percent (50%) owned by Quadrangle Capital Partners, LP, Quadrangle Capital Partners-A LP and Quadrangle Select Partners LP (collectively, "Quadrangle" or "Quadrangle funds") and fifty percent (50%) owned by Citigroup Venture Capital Equity Partners, L.P., CVC/SBB Employee Fund, L.P., and CVC Executive Fund, LLC (collectively, "CVC" or "CVC funds"). Neither Quadrangle nor CVC will have the right to exercise ultimate decision making authority over the actions taken by PHC without the other party's consent. The Quadrangle funds are controlled by a common general partner, Quadrangle GP Investors LP, the general partner of which is Quadrangle GP Investors LLC. The Managing Members of Quadrangle GP Investors LLC are Peter Ezersky, Michael Huber, Steven Rattner, Joshua Steiner, and David Tanner. A state employer retirement system, which is a qualified institutional investor, will hold a 13.43% indirect interest in the Transferee through its interest in Quadrangle Capital Partners-A LP. All of the above-disclosed interest holders in Quadrangle are U.S. citizens.

The CVC funds are ultimately controlled, indirectly, by Citigroup Inc. Cititgroup Inc. owns 100% of Citigroup Holdings Company, which in turn owns 100% of Citicorp. Citigroup owns 100% of Citicorp Banking Corporation, which in turn owns 100% of Court Square Capital Ltd.. Through these companies, Citigroup Inc. holds indirect, 100% interests in the following three entities, which in turn have indirect, disclosable interests in the Transferee: Citigroup Venture Capital Manager Holdings Ltd., Citigroup Venture Capital GP Holdings Ltd, and Citicorp Venture Capital LP Holdings Ltd.. The first of these, Citigroup Venture Capital Manager Holdings Ltd., owns 100% of CVC Management LLC, which manages (but holds no equity in) Citigroup Venture Capital Equity Partners, L.P. (the "Fund"). The second of these, Citicorp Venture Capital GP Holdings Ltd., owns 35% and controls of CVC Partners LLC, the sole general partner of the Fund (CVC Partners holds an equity interest in the Fund of approximately .2%). Finally, Citigroup Venture Capital LP Holdings Ltd. owns 60% of the Fund, which in turn owns approximately 49.075% of the Transferee. All of the CVC indirect interest holders are United States entities.

As a precursor to the proposed transfer of control, NTELOS will recapitalize its debt (the "Recapitalization") and use a portion of the funds from the Recapitalization to buy back (the "Stock Buyback") approximately 75% of its equity stock, warrants and stock options ("NTELOS Equity Securities") through a tender offer made to all current holders of NTELOS Equity

Securities. The Recapitalization is expected to be completed by the end of February. Immediately after the Recapitalization and Stock Buyback is completed, PHC intends to purchase from holders of NTELOS equity stock and warrants the equivalent of not more than 24.9% of the post-Recapitalization outstanding shares of NTELOS at a price of $40,000 per share and $16.27 per warrant ("Initial Stock Purchase").

Following the Recapitalization, the Stock Buyback, Initial Stock Purchase, and regulatory approval by the Commission and other regulatory agencies, PHC will acquire by merger all of the then-surrounding common stock, options and warrants to purchase common stock of NTELOS that PHC does not already own. Specifically, a wholly-owned subsidiary of PHC, Project Merger Sub Corp. ("Merger Corp."), will merge with and into NTELOS, with NTELOS being the surviving entity. The terms of the merger provide that (1) all remaining NTELOS Equity Securities will be canceled and, except for shares owned by PHC, will be converted to a right to receive cash equal to $40.00 per share of outstanding common stock, $20.23 per share of common stock issuable pursuant to the exercise of a vested option and $16.27 per share of common share to the exercise of a warrant and (2) each share of common stock of Merger Corp. will be converted into one share of common stock of NTELOS as the surviving entity. As result of the proposed merger, Project Holdings Corp. will own 100% of the equity of NTELOS.

Applicants assert that the proposed Transaction will serve the public interest, convenience and necessity because it will align NTELOS with strategic partners that possesses experience and strategic vision in the telecommunications sphere. Applicants state the proposed transaction will also allow the company to eliminate restrictive operating conditions imposed as a result of NTELOS's emergence from bankruptcy,[4] and thereby leverage its current growth in the marketplace. The Applicants state that the new owners of NTELOS, the Quadrangle funds, are well-respected and well-qualified investors with $1.1 billion in total capital. Furthermore, the Applicants assert that Quadrangle's five managing principals have over 60 years of combined experience in investing and advising in the telecommunications and media sectors. The Applicants state that CVC, another new owner of NTELOS, is also a leading private equity investor in technology-related companies worldwide, including telecommunications equipment manufacturers and service providers.

<u>GENERAL INFORMATION</u>

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return

[4] On March 4, 2003, NTELOS and its subsidiaries filed for reorganization under Chapter 11of the U.S. Bankruptcy Code. Pursuant to 63.03(d) of the Commission's rules, NTELOS filed the required notice of the *pro forma* assignment of the domestic 214 authorization held by NTELOS to NTELOS Debtor-in-Possession. *See* Letter from Donna Persing, Senior Vice President, NTELOS to Marlene Dortch, Secretary, Federal Communications Commission (filed Aug. 13, 2003). When NTELOS emerged from bankruptcy, no substantial change in ownership occurred. *See also* Letter from Joshua S. Turner, NTELOS, to Federal Communications Commission (filed Sept. 3, 2003).

any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments on or before March 30, 2005** and **reply comments on or before April 6, 2005**.[5] Unless otherwise notified by the Commission, Applicants are permitted to transfer the stock and related control on the 31st day after the date of this notice.[6] Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send e-mail to ecfs@fcc.gov, and should include the following words in the subject line "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

(1) The Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, SW, Room CY-B402, Washington, DC 20554, www.bcpiweb.com; phone: (202) 488-5300 fax:

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5 *See* 47 C.F.R. § 63.03(a).

6 Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

(202) 488-5563;

(2) Tracey Wilson-Parker Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C212, Washington, D.C. 20554; e-mail: tracey.wilson-parker@fcc.gov;

(3) Kimberly Jackson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C142, Washington, D.C. 20554; e-mail: kimberly.jackson@fcc.gov

(4) Terri B. Natoli, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C234, Washington, D.C. 20554; e-mail: terri.natoli@fcc.gov;

(5) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; email: susan.o'connell@fcc.gov;

(6) Jeffrey Tobias, Wireless Telecommunications Bureau, 445 12th Street, S.W., Room 3-A432, Washington, D.C. 20554; email: jeffrey.tobias@fcc.gov; and

(7) James Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: james.bird@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone: (202) 488-5300, fax: (202) 488-5563, or via e-mail www.bcpiweb.com.

For further information, please contact Tracey Wilson-Parker, at (202) 418-1394, or Kimberly Jackson at (202) 418-7393.

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